

Fund options for Flexible Guarantee products

Investment Report 2022

This information does not constitute investment advice and we recommend that you speak to a suitably qualified financial adviser before making any investment decision based upon this, or any other information.

This report provides information on the performance of your Flexible Guarantee Bond (all series) or Flexible Guarantee Fund (all series) for the period 1 January 2022 to 31 December 2022.

Columbia Threadneedle Investments

Since 1 November 2011 the asset management of our funds has been undertaken on our behalf by Columbia Threadneedle Investments. Columbia Threadneedle is responsible for the day to day management of the assets within investment guidelines set by LV=.

Columbia Threadneedle is a leading international investment manager that manages £485bn of assets (as at 31 December 2022), investing on behalf of individuals, pension funds, insurers and corporations. Columbia Threadneedle is the global asset management group of Ameriprise Financial, a leading US-based financial services provider. Columbia Threadneedle's website address is columbiathreadneedle.co.uk.

Principles and Practices of Financial Management (PPFM)

Your Flexible Guarantee product is a with-profits investment. Every company that offers with-profits investments has to document the principles and practices (the beliefs and behaviours) they use to manage them in a technical document called 'Principles and Practices of Financial Management' so that investors can understand what to expect from the provider they invest with, or are considering investing with.

The current version of the PPFM that relates to your investment, together with a customer friendly version called 'Your guide to how we manage our with-profits business', is available on our website at LV.com/wp-info, where you can also view the reports of our annual review on how we have managed our fund compared to our PPFM. Hard copies are available upon request.

Unit price and performance of each fund option available

Within the following pages you'll find the performance of each available fund option.

Your individual statement will show you the number of units, the unit price, the value of your investment and your chosen fund option at your investment's last anniversary. You can find the current unit price of your investment on our website at LV.com/investments/investment-fund-prices.

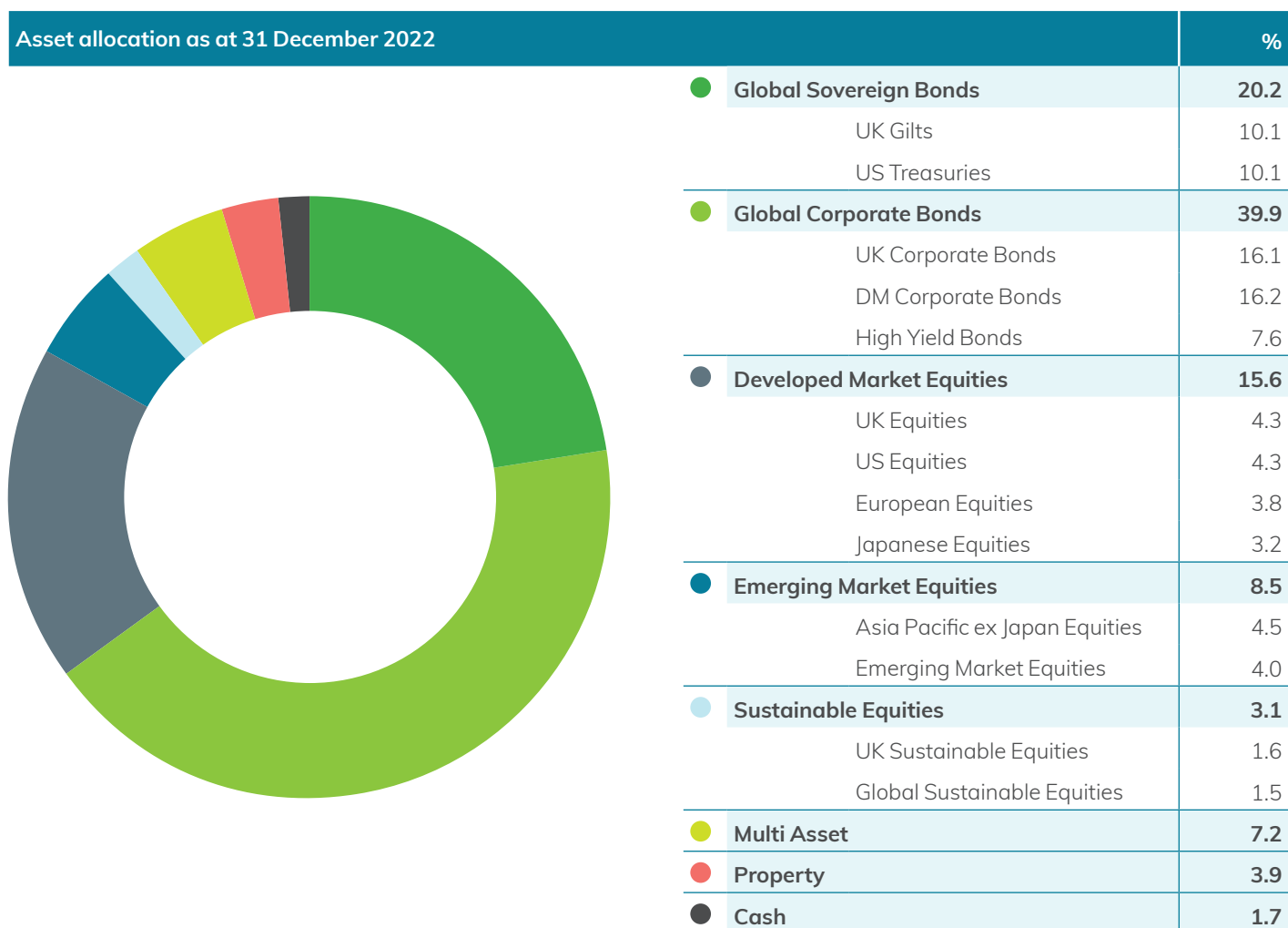
This information should be read alongside your Bond Conditions and Key Features document (for bonds started before 1 January 2018), or Key Information Document and Supplementary Information Document (for bonds started after 1 January 2018). If your investment is in the Flexible Guarantee Funds, within our pension wrapper, it should be read alongside our Flexible Transitions Account Key Features Document and Terms and Conditions.

You need to be aware that in each fund option your investment can go down as well as up. The higher the amount invested in equities (also known as stocks and shares), the more frequently this will happen and the more significant the changes in value are likely to be.



Cautious Series 2

This fund is designed to provide long term steady growth together with a low level of investment risk. The fund invests, either directly or indirectly, in a diversified portfolio of fixed interest securities, equities, property, cash and other related instruments.



Performance - Cautious Fund

Flexible Guarantee Bond (all series) and Flexi Guarantee Plan

LV= FGB Cautious S2

Unit price date	31 December 2022	31 December 2021	31 December 2020	31 December 2019	31 December 2018
Unit price*	173.5p	192.2p	181.3p	172.3p	164.1p
Growth (%) for the 12 months to date shown	-9.7%	6.0%	5.2%	5.0%	1.5%
Total percentage growth of unit price from 1 January 2018 to 31 December 2022 (5 Years)					7.3%
Total percentage growth of unit price from 1 January 2013 to 31 December 2022 (10 Years)					41.1%
Total percentage growth of unit price from 18 August 2009 (launch date) to 31 December 2022					73.5%

*The unit price quoted is the Averaged Price.

The percentage growth from launch is based on the Underlying price at launch and the Averaged Price at 31 December 2022.

Please see your annual statement and bond documentation for an explanation of Averaged and Underlying Prices.

Flexible Guarantee Fund (all series) (Pension)

LV= Flexible Guarantee Cautious S2

Unit price date	31 December 2022	31 December 2021	31 December 2020	31 December 2019	31 December 2018
Unit price*	133.0p	151.7p	141.1p	132.7p	125.0p
Growth (%) for the 12 months to date shown	-12.3%	7.50%	6.30%	6.20%	1.70%
Total percentage growth of unit price from 1 January 2018 to 31 December 2022 (5 Years)					8.2%
Total percentage growth of unit price from 3 July 2014 (launch date) to 31 December 2022					33.0%

*The unit price quoted is the Averaged Price.

The percentage growth from launch is based on the Underlying price at launch and the Averaged Price at 31 December 2022.

Please see your annual statement and Flexible Transitions Account documentation for an explanation of Averaged and Underlying Prices

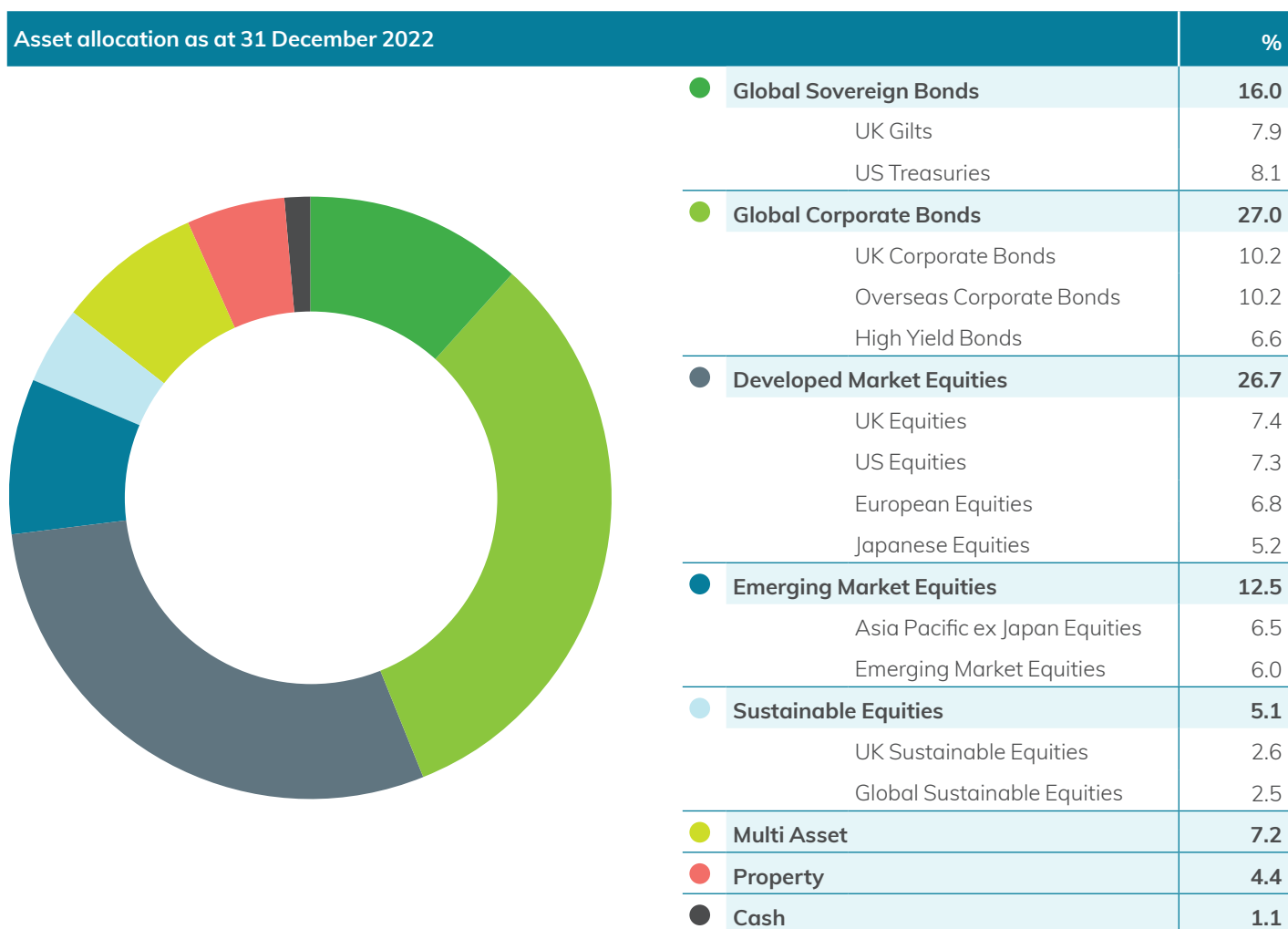
Important notes:

Product charges are paid by the cancellation of units rather than reflected in the unit price. Past performance is not a reliable guide to future performance.

Separate unit prices are needed for bond and pension funds because of the different tax treatment for pension investments.

Balanced Series 2

This fund is designed to provide long term moderate growth together with a low to medium level of investment risk. The fund invests, either directly or indirectly, in a diversified portfolio of fixed interest securities, equities, property, cash and other related instruments.



Performance - Balanced Fund

Flexible Guarantee Bond (all series) and Flexi Guarantee Plan

LV= FGB Balanced S2

Unit price date	31 December 2022	31 December 2021	31 December 2020	31 December 2019	31 December 2018
Unit price*	195.9p	214.6p	196.1p	185.7p	177.3p
Growth (%) for the 12 months to date shown	-8.7%	9.4%	5.6%	4.7%	2.1%
Total percentage growth of unit price from 1 January 2018 to 31 December 2022 (5 Years)					12.8%
Total percentage growth of unit price from 1 January 2013 to 31 December 2022 (10 Years)					58.5%
Total percentage growth of unit price from 18 August 2009 (launch date) to 31 December 2022					95.9%

*The unit price quoted is the Averaged Price.

The percentage growth from launch is based on the Underlying price at launch and the Averaged Price at 31 December 2022.

Please see your annual statement and bond documentation for an explanation of Averaged and Underlying Prices.

Flexible Guarantee Fund (all series) (Pension)

LV= Flexible Guarantee Balanced S2

Unit price date	31 December 2022	31 December 2021	31 December 2020	31 December 2019	31 December 2018
Unit price*	145.4p	163.5p	146.4p	137.1p	129.8p
Growth (%) for the 12 months to date shown	-11.1%	11.7%	6.8%	5.6%	2.3%
Total percentage growth of unit price from 1 January 2018 to 31 December 2022 (5 Years)					14.6%
Total percentage growth of unit price from 3 July 2014 (launch date) to 31 December 2022					45.4%

*The unit price quoted is the Averaged Price.

The percentage growth from launch is based on the Underlying price at launch and the Averaged Price at 31 December 2022.

Please see your annual statement and Flexible Transitions Account documentation for an explanation of Averaged and Underlying Prices.

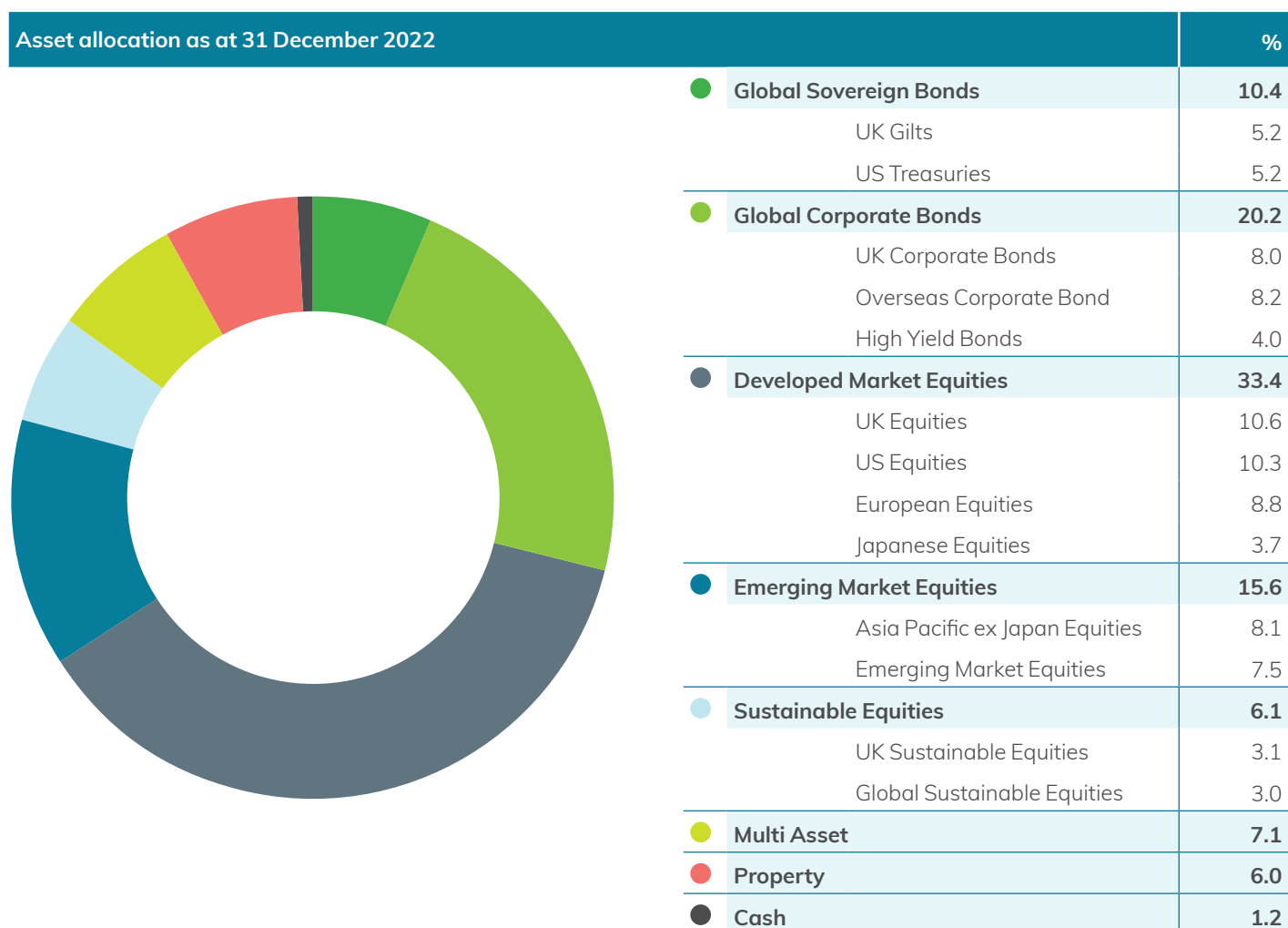
Important notes:

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Separate unit prices are needed for bond and pension funds because of the different tax treatment for pension investments.

Managed Growth

This fund is designed to provide long term growth together with a medium level of investment risk. The fund invests, either directly or indirectly, in a diversified portfolio of fixed interest securities, equities, property, cash and other related instruments.



Performance - Managed Growth Fund

Flexible Guarantee Bond (all series) and Flexi Guarantee Plan

LV= FGB Managed Growth

Unit price date	31 December 2022	31 December 2021	31 December 2020	31 December 2019	31 December 2018
Unit price*	211.9p	232.1p	208.2p	197.0p	188.0p
Growth (%) for the 12 months to date shown	-8.7%	11.5%	5.7%	4.8%	2.2%
Total percentage growth of unit price from 1 January 2018 to 31 December 2022 (5 Years)					15.2%
Total percentage growth of unit price from 1 January 2013 to 31 December 2022 (10 Years)					70.2%
Total percentage growth of unit price from 18 August 2009 (launch date) to 31 December 2022					111.9%

*The unit price quoted is the Averaged Price.

The percentage growth from launch is based on the Underlying price at launch and the Averaged Price at 31 December 2022.

Please see your annual statement and bond documentation for an explanation of Averaged and Underlying Prices.

Flexible Guarantee Fund (all series) (Pension)

LV= Flexible Guarantee Managed Growth

Unit price date	31 December 2022	31 December 2021	31 December 2020	31 December 2019	31 December 2018
Unit price*	152.0p	170.8p	149.5p	140.2p	132.8p
Growth (%) for the 12 months to date shown	-11.0%	14.2%	6.6%	5.6%	2.4%
Total percentage growth of unit price from 1 January 2018 to 31 December 2022 (5 Years)					17.2%
Total percentage growth of unit price from 3 July 2014 (launch date) to 31 December 2022					52.0%

*The unit price quoted is the Averaged Price.

The percentage growth from launch is based on the Underlying price at launch and the Averaged Price at 31 December 2022.

Please see your annual statement and Flexible Transitions Account documentation for an explanation of Averaged and Underlying Prices

Important notes:

Product charges are paid by the cancellation of units rather than reflected in the unit price. Past performance is not a reliable guide to future performance.

Separate unit prices are needed for bond and pension funds because of the different tax treatment for pension investments.

Performance Review of 2022

2022 was a difficult year for portfolios designed to offset equity risk with bond risk as returns on both equities and bonds were negative. According to research by the Bank of America, as at the end of October, 2022 was on a trajectory for the worst performance of balanced '60/40' (60% equities / 40% fixed interest) strategies for 100 years. While the market rallied in Q4 to improve the position, it was only enough to beat the negative performance in 2008.

Performance was poor as both equities and bonds had negative returns. Global equities were down 15.6% whilst global bonds fell 16.3%.

Performance over the year was driven by inflationary fears. Interest rates rose significantly over the year and rising interest rates negatively impact bond performance. Through this period, whilst we were underweight government and corporate bonds, we retained an allocation to provide resilience if a deep recessionary environment started to appear.

Within equities, Energy was the only sector that was generally positive whilst the others were negative. Whilst we have some energy exposure, it is limited and we remain underweight in the energy sector. This has hampered performance over the year. We believe an underweight energy sector is appropriate given the Environmental, Social and Governance (ESG) risks over the medium term where oil and energy companies will face rising costs of capital compared to greener industries. This started to become evident over the last three months of the year, the Energy Sector in the S&P 500 stockmarket index returning 8.6% underperforming the 9.4% return of the wider S&P 500. This may temporarily reverse as Chinese demand for oil increases as their economy reopens.

It was a buoyant year for the US dollar, which, at one point, was up 26.6% since the start of 2022. Within our portfolios, we intentionally hedge away our overseas currencies such as the US dollar, the Euro and the Yen (we retain exposure to Emerging Market currencies as we believe the risk we take in this area is well compensated; not so for G10 countries where we believe we have little reward for the risk taken in G10 overseas currencies). This has meant that we missed out on the strong performance of the US dollar over 2022. However, our strategic positioning is based on the medium term (3 – 5 years) and longer (c.10 years) and over that period, even with the strong US Dollar in 2022, the Dollar was broadly stable from 2016 to 2022.

A final source of underperformance was our reliance on quality growth stocks, like those in the Technology sector, over value stocks, such as oil companies and banks. This appeared a poor decision over 2022 where value stocks significantly outperformed growth stocks. However, as our time horizon is the medium and longer term, we believe that growth companies are likely to be more resilient as we move through a recessionary environment in 2023. These companies have strong products with good price control (where prices can increase without reducing volumes) and are likely to deliver performance that is more stable over the medium- to long-term.

Responsible Investing

Responsible investment encompasses all Environmental, Social and Governance (ESG) considerations. ESG considerations are firmly embedded in the management of our investments as we believe we have an obligation to our members to invest their money responsibly. By doing so, we aim to achieve strong investment returns and contribute to the sustainable development of the world and society.

The Investments and With-Profits Committee regularly monitor a range of metrics to assess climate change risk. The funds typically outperformed the benchmark with lower carbon intensities and emissions whilst holding better ESG-rated assets

Cautious

2022 ESG Metric	Fund	Benchmark
Carbon Intensity	133	171
Carbon Emissions	76	130
CTI ESG Ratings	2.46	2.56

Balanced

2022 ESG Metric	Fund	Benchmark
Carbon Intensity	129	173
Carbon Emissions	73	136
CTI ESG Ratings	2.44	2.58

Managed Growth

2022 ESG Metric	Fund	Benchmark
Carbon Intensity	129	177
Carbon Emissions	69	138
CTI ESG Ratings	2.41	2.60

Portfolio coverage (percent of portfolio represented by the data) ranges from 57% to 80%, except Carbon Emissions, which range from 45% to 68%. In all cases the fund coverage is above the benchmark coverage.

Carbon Emissions and Carbon Intensity are calculated on a rolling 12-month basis.

Figures shown are for the Flexible Guarantee Funds (pension).

The measures shown are as at 31 December 2022 and are defined as:

Carbon Intensity is the tonnes CO2 emitted per \$1m of sales. This is a company's carbon emissions relative to the size of the business adjusted for the weighting in a portfolio or benchmark. Carbon intensity assessments provide an indication of carbon efficiency. This measure is agnostic to ownership share and facilitates comparison relative to other portfolios including non-equity asset classes.

Carbon Emissions is the tonnes CO2 emitted per \$1m invested. This is a normalised measure of a portfolio's contribution to climate change that enables comparisons with a benchmark, between multiple portfolios, and over time, regardless of portfolio size.

CTI ESG rating is our asset manager Columbia Threadneedle Investment's proprietary ESG rating system from **1** (very good ESG) to **5** (poor ESG).

You can get this and other documents from us in Braille or large print by contacting us.



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